

# STATE HOUSE NEWS SERVICE

## BIOFUELS PANEL CONSIDERING LOW-CARBON FUEL STANDARD

By Catherine Williams  
STATE HOUSE NEWS SERVICE

STATE HOUSE, BOSTON, JAN. 17, 2008...Amid steady concern over global warming, a task force tagged with crafting Massachusetts' biofuels policy considered Thursday broadening its proposals to include a statewide low-carbon fuel standard.

Alternative energy experts and biofuels developers said they support proposals that include a variety of technologies during a hearing hosted by the Massachusetts Advanced Biofuels Task Force. Home heating oil industry advocates cautioned lawmakers that transitioning to alternative fuels is expensive and threatens small businesses that can't afford to make costly upgrades.

Energy and Environmental Affairs Secretary Ian Bowles, who chairs the task force, told the News Service the low-carbon fuel standard has been under consideration by the task force.

"It is a more complicated policy but it has a huge amount of merit," said Bowles, who chairs the task force.

California lawmakers are implementing a low-carbon fuel standard aimed at reducing transportation fuel emissions, with biofuels considered among alternative energy options open to fuel producers. Under California's standard, fuel companies could also use solar, biomass or hydrogen to reduce carbon emissions resulting from moving, pumping or producing fuel.

Daniel Sperling, director of transportation studies at the University of California Davis, said state policy aimed at reducing carbon emissions should be broad.

"The government should not try to pick winners. Mandates are not a good idea. There are too many uncertainties about the technology," said Sperling, who also serves as a member of a state board charged with crafting California's low-carbon fuel standard rules.

Bowles said action on the standard in California and new federal biofuels policy may drive Massachusetts policy.

In January 2007, California Gov. Arnold Schwarzenegger established, by executive order, a Low-Carbon Fuel Standard over transportation fuels. California state officials are in the midst of setting rules over the standard that is aimed at reducing greenhouse gas emissions by 10 percent by 2020.

In December 2007, federal lawmakers passed the Energy Independence and Security Act of 2007, which requires fuel producers to use at least 36 billion gallons of biofuel per year in 2022.

If the task force adopts a fuel standard, it would be a shift from a bill (H 4364) introduced by Gov. Deval Patrick in November. Patrick's bill would require all diesel and home heating fuel sold in Massachusetts to contain a minimum of 2 percent of bio-based fuel by 2010, increasing to a 5 percent minimum by 2013. The bill would also exempt cellulosic ethanol used in transportation from the state gasoline excise tax.

Biofuel is produced from renewable resources including grasses, corn husks or vegetable oil. Experts say transitioning to biofuels won't be easy. To produce the fuel, new manufacturing plants must be built. In order to distribute the fuel, pumps and trucks must be updated.

Michael Ferrante, executive director Massachusetts Oilheat Council, said he supports a tax on home heating oil that would fund system-wide upgrades including new pumps or distribution centers for biofuels. Ferrante said there are 13 home heating oil storage terminals in Massachusetts used by small to midsized fuel companies. The cost of making terminals biofuel-ready ranges from \$500,000 to \$3 million

per terminal, he said.

"We don't believe terminal storage and distribution is sufficient to satisfy a mandate by 2010," said Ferrante, Ferrante told the News Service he would oppose a fuel standard that burdened home heating oil businesses with costly upgrades.

The Conservation Law Foundation would prefer lawmakers adopt a low-carbon fuel standard rather than a "transitional" biofuels mandate, said Shanna Vale, CLF staff attorney. If a biofuels bill moves forward it should include sunsets on mandates, Vale told the News Service.

"Any state biofuels policy needs to be moving toward a low-carbon fuel standard," said Vale.

Biodiesel company H2Diesel supports a broad fuel-standard measure that is technology-neutral, said Connie Lausten, H2Diesel's vice president. The company, which develops biodiesel based on vegetable oil or animal fats, also supports expedited permitting processes for biofuels companies, she said. The company plans to open a 50 million gallon biodiesel processing plant in Quincy in 2008, said Lausten.

The 10-member task force was launched after a joint agreement among Gov. Deval Patrick, House Speaker Salvatore DiMasi and Senate President Therese Murray. The task force is holding three upcoming hearings before submitting recommendations to lawmakers by the end of March. The next hearing is planned for Jan. 28 in Lennox.

-END-